



Senate

General Assembly

File No. 259

February Session, 2010

Substitute Senate Bill No. 395

Senate, April 1, 2010

The Committee on Commerce reported through SEN. LEBEAU of the 3rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING CONNECTICUT EXPORTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 32-1c of the 2010 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective July 1, 2010*):

4 (a) In addition to any other powers, duties and responsibilities
5 provided for in this chapter, chapter 131, chapter 579 and section 4-8
6 and subsection (a) of section 10-409, the commissioner shall have the
7 following powers, duties and responsibilities: (1) To administer and
8 direct the operations of the Department of Economic and Community
9 Development; (2) to report annually to the Governor, as provided in
10 section 4-60; (3) to conduct and administer the research and planning
11 functions necessary to carry out the purposes of said chapters and
12 sections; (4) to encourage and promote the development of industry
13 and business in the state and to investigate, study and undertake ways
14 and means of promoting and encouraging the prosperous
15 development and protection of the legitimate interest and welfare of

16 Connecticut business, industry and commerce, within and outside the
17 state; (5) to serve, ex officio as a director on the board of Connecticut
18 Innovations, Incorporated; (6) to serve as a member of the Connecticut
19 Energy Advisory Board, the Energy Conservation Management Board
20 and the Committee of Concern for Connecticut Jobs; (7) to promote
21 and encourage the location and development of new business in the
22 state as well as the maintenance and expansion of existing business
23 and for that purpose to cooperate with state and local agencies and
24 individuals both within and outside the state; (8) to plan and conduct a
25 program of information and publicity designed to attract tourists,
26 visitors and other interested persons from outside the state to this state
27 and also to encourage and coordinate the efforts of other public and
28 private organizations or groups of citizens to publicize the facilities
29 and attractions of the state for the same purposes; (9) to advise and
30 cooperate with municipalities, persons and local planning agencies
31 within the state for the purpose of promoting coordination between
32 the state and such municipalities as to plans and development; (10) to
33 assign adequate staff to provide technical assistance to businesses in
34 the state in exporting, manufacturing and cluster-based initiatives and
35 to provide guidance and advice on regulatory matters; (11) to provide
36 all necessary staff, services, accounting and office space and equipment
37 required by the Connecticut Development Authority subject to the
38 provisions of section 4b-23, where real estate acquisitions are involved;
39 [(11)] (12) to aid minority businesses in their development; [(12)] (13) to
40 appoint such assistants, experts, technicians and clerical staff, subject
41 to the provisions of chapter 67, as are necessary to carry out the
42 purposes of said chapters and sections; [(13)] (14) to employ other
43 consultants and assistants on a contract or other basis for rendering
44 financial, technical or other assistance and advice; [(14)] (15) to acquire
45 or lease facilities located outside the state subject to the provisions of
46 section 4b-23; [(15)] (16) to advise and inform municipal officials
47 concerning economic development and collect and disseminate
48 information pertaining thereto, including information about federal,
49 state and private assistance programs and services pertaining thereto;
50 [(16)] (17) to inquire into the utilization of state government resources

51 and coordinate federal and state activities for assistance in and
52 solution of problems of economic development and to inform and
53 advise the Governor about and propose legislation concerning such
54 problems; [(17)] (18) to conduct, encourage and maintain research and
55 studies relating to industrial and commercial development; [(18)] (19)
56 to prepare and review model ordinances and charters relating to these
57 areas; [(19)] (20) to maintain an inventory of data and information and
58 act as a clearinghouse and referral agency for information on state and
59 federal programs and services relative to the purpose set forth herein.
60 The inventory shall include information on all federal programs of
61 financial assistance for defense conversion projects and other projects
62 consistent with a defense conversion strategy and shall identify
63 businesses which would be eligible for such assistance and provide
64 notification to such business of such programs; [(20)] (21) to conduct,
65 encourage and maintain research and studies and advise municipal
66 officials about forms of cooperation between public and private
67 agencies designed to advance economic development; [(21)] (22) to
68 promote and assist the formation of municipal and other agencies
69 appropriate to the purposes of this chapter; [(22)] (23) to require notice
70 of the submission of all applications by municipalities and any agency
71 thereof for federal and state financial assistance for economic
72 development programs as relate to the purposes of this chapter; [(23)]
73 (24) with the approval of the Commissioner of Administrative
74 Services, to reimburse any employee of the department, including the
75 commissioner, for reasonable business expenses, including but not
76 limited to, mileage, travel, lodging, and entertainment of business
77 prospects and other persons to the extent necessary or advisable to
78 carry out the purposes of subdivisions (4), (7), (8) and [(11)] 12 of this
79 subsection and other provisions of this chapter; [(24)] (25) to assist in
80 resolving solid waste management issues; [(25)] (26) (A) to serve as an
81 information clearinghouse for various public and private programs
82 available to assist businesses, (B) to identify specific micro businesses,
83 as defined in section 32-344, whose growth and success could benefit
84 from state or private assistance and contact such small businesses in
85 order to (i) identify their needs, (ii) provide information about public

86 and private programs for meeting such needs, including, but not
87 limited to, technical assistance, job training and financial assistance,
88 and (iii) arrange for the provision of such assistance to such businesses;
89 [and (26)] (27) to enhance and promote the digital media and motion
90 picture industries in the state; (28) to develop a marketing campaign
91 that promotes Connecticut as a place of innovation; and (29) to execute
92 the steps necessary to implement the knowledge corridor agreement
93 with Massachusetts to promote the biomedical device industry.

94 (b) The Commissioner of Economic and Community Development
95 may make available technical and financial assistance and advisory
96 services to any appropriate agency, authority or commission for
97 planning and other functions pertinent to economic development
98 provided any financial assistance to a regional planning agency or a
99 regional council of elected officials shall have the prior approval of the
100 Secretary of the Office of Policy and Management or his designee.
101 Financial assistance shall be rendered upon such contractual
102 arrangements as may be agreed upon by the commissioner and any
103 such agency, authority or commission in accordance with their
104 respective needs, and the commissioner may determine the
105 qualifications of personnel or consultants to be engaged for such
106 assistance.

107 (c) The Commissioner of Economic and Community Development
108 [is authorized to] shall do all things necessary to apply for, qualify for
109 and accept any federal funds made available or allotted under any
110 federal act for planning or any other projects, programs or activities
111 which may be established by federal law, for any of the purposes, or
112 activities related thereto, of the Department of Economic and
113 Community Development and said Commissioner of Economic and
114 Community Development shall administer any such funds allotted to
115 the department in accordance with federal law. The commissioner may
116 enter into contracts with the federal government concerning the use
117 and repayment of such funds under any such federal act, the
118 prosecution of the work under any such contract and the establishment
119 of any disbursement from a separate account in which federal and

120 state funds estimated to be required for plan preparation or other
121 eligible activities under such federal act shall be kept. Said account
122 shall not be a part of the General Fund of the state or any subdivision
123 of the state. The commissioner shall report on activities to apply for,
124 qualify for and accept funds under this subsection in its annual report
125 submitted pursuant to section 32-1m.

126 (d) The powers and duties enumerated in this section shall be in
127 addition to and shall not limit any other powers or duties of the
128 Commissioner of Economic and Community Development contained
129 in any other law.

130 Sec. 2. Section 32-222 of the general statutes is repealed and the
131 following is substituted in lieu thereof (*Effective July 1, 2010*):

132 As used in sections 32-220 to 32-234, inclusive: (a) "Business
133 development project" means a project undertaken by an eligible
134 applicant involving one or more of the following:

135 (1) The construction, substantial renovation, improvement or
136 expansion of a facility;

137 (2) The acquisition of new machinery and equipment;

138 (3) The acquisition, improvement, demolition, cultivation or
139 disposition of real property, or combinations thereof, or the
140 remediation of contaminated real property;

141 (4) The creation at a facility, within twenty-four months of the
142 initiation of a hiring program, not less than ten new jobs or an increase
143 in the number of persons employed at the facility of twenty per cent,
144 whichever is greater;

145 (5) Economic diversification of the economy of an area of the state or
146 manufacturing or other economic base business where such area or
147 business is substantially reliant upon defense and related industry;

148 (6) Participation in the avoidance of an imminent plant closing or

149 relocation by a manufacturing or other economic base business or
150 assist or improve the economy of an area of the state which has been or
151 is likely to be significantly and adversely impacted by one or more
152 major plant closings or relocations;

153 (7) Support research and development or commercialization of
154 technologies, products, processes or techniques of a manufacturing or
155 other economic base business;

156 (8) Creation or support of organizations and activities that provide
157 technical and engineering assistance to small manufacturers or other
158 economic base businesses to assist them with the design, testing,
159 manufacture and marketing of new products, the exporting of state
160 products and services, and the instruction and implementation of new
161 techniques and technologies;

162 (9) Support of substantial workforce development efforts;

163 (10) Promotion of community conservation or development or
164 improvement of the quality of life for urban residents of the state; [or]

165 (11) Promotion of the revitalization of underutilized, state-owned
166 former railroad depots and areas adjacent to such depots;

167 (12) Promotion of export activities, including sponsorship of
168 programs that support exportation, assistance to companies in
169 accessing federal Department of Commerce services, and provision of
170 marketing materials and web site improvements for exporters;

171 (b) "Business support services" means activities related to a
172 municipal development project or business development project which
173 support the economic competitiveness of manufacturing or exporting
174 or economic base businesses or which further the interests of the state,
175 including, but not limited to, facilities and services related to day care,
176 job training, education, transportation, employee housing, energy
177 conservation, pollution control and recycling, provided activities
178 related to employee housing shall be limited to feasibility and
179 implementation studies;

180 (c) "Commissioner" means the Commissioner of Economic and
181 Community Development;

182 (d) "Economic base business" means a business that the
183 commissioner determines will materially contribute to the economy of
184 the state by creating or retaining jobs, exporting products or services
185 beyond the state's boundaries, encouraging innovation in products or
186 services, adding value to products or services or otherwise supporting
187 or enhancing existing activities important to the economy of the state;

188 (e) "Economic cluster" means an economic cluster, as defined in
189 section 32-4e, recognized by the commissioner;

190 (f) "Department" means the Department of Economic and
191 Community Development;

192 (g) "Development plan" means a plan for a municipal development
193 project prepared in accordance with the provisions of subsection (b) of
194 section 32-223;

195 (h) "Eligible applicant" means any for-profit or nonprofit
196 organization, or any combination thereof, any municipality, regional
197 planning agency or any combination thereof and further provided, in
198 the case of a loan made by the Connecticut Development Authority in
199 which the department purchases a participation interest, "eligible
200 applicant" means the for-profit or nonprofit organization, or any
201 combination thereof, that will receive the proceeds of such loan;

202 (i) "Financial assistance" means grants, funds for the purchase of
203 insurance policies and payment of deductibles for insurance policies to
204 cover remediation costs, extensions of credit, loans or loan guarantees,
205 participation interests in loans made to eligible applicants by the
206 Connecticut Development Authority or combinations thereof;

207 (j) "For-profit organization" means a for-profit partnership or sole
208 proprietorship or corporation or limited liability company which is an
209 economic base business or has a North American Industrial
210 Classification code of 311111 through 339999 or 493110, 493120, 493130,

211 493190, 511210, 512110, 512120, 512191, 522210, 522293, 522294, 522298,
212 522310, 522320, 522390, 523110, 523120, 523130, 523140, 523210, 523910,
213 524113, 524114, 524126, 524127, 524128, 524130, 524292, 541711, 541712,
214 551111, 551112, 551114, 561422, 611310, 611410, 611420, 611430, 611513,
215 611519, 611710 and 624410 or any business that is part of an economic
216 cluster, or any establishment or auxiliary or operating unit thereof, as
217 defined in the North American Industrial Classification System
218 Manual, which has demonstrated to the satisfaction of the
219 commissioner that it has the qualifications, including financial
220 qualifications, necessary to carry out a business development project;

221 (k) "Implementing agency" means one of the following agencies
222 designated by a municipality under section 32-223: (1) An economic
223 development commission, redevelopment agency; sewer authority or
224 sewer commission; public works commission; water authority or water
225 commission; port authority or port commission or harbor authority or
226 harbor commission; parking authority or parking commission; (2) a
227 nonprofit development corporation; or (3) any other agency
228 designated and authorized by a municipality to undertake a project
229 and approved by the commissioner;

230 (l) "Municipal development project" means a business development
231 project through which real property is acquired by a municipality or
232 implementing agency as part of such project;

233 (m) "Municipality" means a town, city, consolidated town and city
234 or consolidated town and borough;

235 (n) "Nonprofit organization" means a municipality or nonprofit
236 corporation as defined in section 33-1002 and organized under the
237 laws of this state and for purposes of this chapter includes any
238 constituent unit of the state system of higher education;

239 (o) "Planning commission" means a planning and zoning
240 commission designated pursuant to section 8-4a or a planning
241 commission created pursuant to section 8-19;

242 (p) "Project" means a municipal development project or business
243 development project;

244 (q) "Project area" means the area within which a municipal
245 development project or business development project is located;

246 (r) "Real property" means land, buildings and other structures and
247 improvements thereto, subterranean or subsurface right, any and all
248 easements, air rights and franchises of any kind or nature;

249 (s) "Site and infrastructure improvements" means improvements to:
250 (1) Sanitary sewer facilities; (2) natural gas pipes, electric, telephone
251 and telecommunications conduits and other facilities and waterlines
252 and water supply facilities, except for any such pipes, wires, conduits,
253 waterlines or any such pipes, wires, conduits, waterlines or facilities
254 which a public service company, as defined in section 16-1, water
255 company, as defined in section 25-32a, or municipal utility is required
256 to install pursuant to any provision of the general statutes or any
257 special act, regulation or order of the Department of Public Utility
258 Control or a certificate of public convenience and necessity; (3) storm
259 drainage facilities, including facilities to control flooding; (4) site
260 grading, landscaping, environmental improvements, including
261 remediation of contaminated sites, parking facilities, roadways and
262 related appurtenances; (5) railroad spurs; (6) public port or docking
263 facilities; and (7) such other related improvements necessary or
264 appropriate to carry out the project;

265 (t) "State" means the state of Connecticut;

266 (u) "Targeted investment community" means a municipality which
267 contains an enterprise zone designated pursuant to section 32-70;

268 (v) "Total project cost" means costs of any kind or nature relating to
269 the planning, implementation and completion of a municipal or
270 business development project;

271 (w) "Legislative body" means (1) the board of selectmen in a town
272 that does not have a charter, special act or home rule ordinance

273 relating to its government, or (2) the council, board of aldermen,
274 representative town meeting, board of selectmen or other elected
275 legislative body described in a charter, special act or home rule
276 ordinance relating to its government in a city, consolidated town and
277 city, consolidated town and borough or a town having a charter,
278 special act, consolidation ordinance or home rule ordinance relating to
279 its government.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2010</i>	32-1c
Sec. 2	<i>July 1, 2010</i>	32-222

Statement of Legislative Commissioners:

In section (a)(24), the internal reference to "(11)" was changed to "[(11)] (12)" for accuracy.

CE *Joint Favorable Subst.-LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 11 \$	FY 12 \$
Department of Economic & Community Development	GF - Cost	114,125	110,410
Comptroller Misc. Accounts (Fringe Benefits) ¹	GF - Cost	10,664	27,402

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which expands the duties for the Department of Economic and Community Development (DECD) regarding Connecticut exports, results in costs of \$114,125, plus fringe benefits in FY 11 and \$110,410, plus fringe benefits in FY 12.

The bill requires DECD to assign adequate staff to provide technical assistance to businesses regarding exports. The agency will need one Connecticut Careers Trainee with a starting salary of \$40,000, plus benefits to handle this new responsibility. The agency is required to provide guidance and advice on regulatory matters which will require funding for staff training and travel expenses to develop expertise in these areas. Funding is needed for: training at the State International Development Officers Association (\$450 event registration plus \$950 for staff travel= \$1,500); attendance at three CT Business and Industry Association (CBIA) workshops (\$75 per session x 3 sessions = \$225); and to attend two specialized week long export training sessions (with

¹ The estimated non-pension fringe benefit rate as a percentage of payroll is 26.66% which includes health insurance, social security, Medicare, life insurance, and unemployment compensation. Fringe benefit costs for new positions do not include

registration and staff travel costs estimated at \$4,000).

Additionally, DECD must support organizations and activities that provide assistance in exporting state products. This will require DECD to: join the State International Development Officers Association with annual dues of \$2,200; participate in the quarterly Eastern Trade Council board meeting (\$500 per meeting × 4 meetings = \$2,000); sponsor the CBIA International Trade Survey (\$10,000); and join the World Affairs Council (\$15,000).

The bill requires DECD to promote export activities, including sponsorship of programs, assist companies in accessing federal Department of Commerce services and provide marketing materials and web site improvements for exporters. It is anticipated the department will need \$30,000 to provide export assistance, \$5,000 for marketing materials, and \$5,000 for website improvements.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, except for training costs which are one-time in nature.

pension costs as new positions will not impact the state's pension contribution until FY 12 after the next scheduled actuarial valuation.

OLR Bill Analysis**sSB 395*****AN ACT CONCERNING CONNECTICUT EXPORTS.*****SUMMARY:**

This bill increases the Department of Economic and Community Development (DECD) commissioner's duties and powers in several policy areas. It requires her to apply for federal funds, prepare a campaign to market the state as a place for innovation, and assigns her to two energy policy boards. The bill also requires her to provide export assistance and expands her ability to do so under the Manufacturing Assistance Act (MAA), DECD's major funding program.

EFFECTIVE DATE: July 1, 2010

GENERAL DUTIES AND POWERS

The bill increases the commissioner's general duties and powers. It requires, instead of allows, her to do everything necessary to apply and qualify for federal funds related to economic development and to accept them. The bill also requires the commissioner to report annually on what she did to secure these funds. She must include the information in her comprehensive annual report to the legislature.

The bill increases the commissioner's duties regarding new technologies. It requires her to develop a marketing campaign that promotes Connecticut as a place of innovation. It also requires her to do the things needed to implement a 2000 agreement with Massachusetts to promote the biomedical device industry in the Connecticut River Valley region between Hartford and Springfield (i.e., The New England Knowledge Corridor).

Lastly, the bill requires the commissioner to serve on the Connecticut Energy Advisory Board and the Energy Conservation Management Board. The former is a 15-member board charged with promoting competing energy solutions. Its members include the agriculture, transportation, and environmental protection commissioners; the chairman of the Department of Public Utilities Control; the consumer counsel; and the Office of Policy and Management secretary or their designees. The 13-member Energy Conservation Management Board advises utility distribution companies on developing and implementing comprehensive, cost-effective energy conservation and market transformation plans. Its members include the attorney general, the consumer counsel, and environmental protection commissioner.

EXPORTING AND MANUFACTURING

The bill requires the commissioner to take more steps to promote exports and manufacturing by assigning enough staff to (1) provide technical assistance to businesses regarding exporting and manufacturing, (2) help groups of related businesses implement policies designed to improve their overall competitiveness (i.e., cluster-based initiatives), and (3) help businesses comply with regulatory requirements.

The bill authorizes the commissioner to use MAA funds to support exporting. Current law allows her to use these funds to create and support organizations that provide technical and engineering services to businesses. It also requires her to create and support activities to promote the export of products and services.

The bill allows the commissioner to use MAA funds to promote exporting, including sponsoring export support programs, helping companies access U.S. Department of Commerce export assistance services, and providing export-related marketing materials and website improvements. Lastly, the bill makes export assistance eligible for MAA funding.

COMMITTEE ACTION

Commerce Committee

Joint Favorable

Yea 19 Nay 0 (03/18/2010)